

Washington State Auditor's Office

Audit Report

Audit Services

Report No. 5701

WESTERN WASHINGTON UNIVERSITY

Agency No. 380

Special Audit

November 13, 1995 Through February 28, 1996

Issue Date: October 25, 1996

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Background

In March of 1996, we received a whistleblower complaint regarding an employee claiming hours worked when the employee was not in attendance at his assigned work site, and possible submission of fraudulent payroll time records. The person under question was employed by Western Washington University in the Physical Plant Department at the Shannon Point Marine Center in Anacortes. During our special audit, we reviewed the employee's payroll records, the job cost records maintained by the Physical Plant Department, the attendance records maintained by the Shannon Point Marine Center, and interviewed the employee and personnel in the Physical Plant Department. We determined fraudulent payroll time records were submitted which resulted in the employee receiving 33½ hours of pay which should have been reported as vacation leave.

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Scope And Opinion

This report represents the results of our audit of payroll charges by a Western Washington University Physical Plant Department employee for the period of November 13, 1995, through February 28, 1996. The purpose of our audit was to determine whether payroll time reported by the employee was proper.

Our audit was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. This audit was conducted under the authority of *Revised Code of Washington* (RCW) 43.09.260.

The scope of our audit was limited to determining whether hours claimed for pay for one employee of the Western Washington University Physical Plant Department were properly reported. The scope of our work was not sufficient to enable us to express an opinion on the university's financial statements, and we do not express an opinion on the financial position or results of operations of the Western Washington University Physical Plant Department or the university.

In our opinion, as detailed in the following finding, an employee did not report on the payroll time records all vacation and sick leave used. As a result, at least \$718 in public funds were misappropriated from Western Washington University.

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Schedule Of Findings

1. Public Funds Were Misappropriated By A Western Washington University Physical Plant Department Employee Falsifying His Payroll Records

Our audit of a Western Washington University Physical Plant Department employee's attendance records revealed at least \$718 in public funds were misappropriated by the employee during the period November 13, 1995, through February 28, 1996. We found the employee failed to report annual leave taken on his payroll time sheet. The employee falsified payroll and job cost records to show he had worked certain hours when he had actually taken the time off. We also noted the employee was not required to report compensatory time earned and used to his supervisor or payroll.

The employee failed to submit requests for at least 32 hours of vacation leave taken on November 14 and 27, 1995, and January 8 and 12, 1996. In addition, the employee claimed 1.5 hours of compensatory time earned on January 12, 1996, when the employee had taken the day off. In each instance, the employee verbally informed personnel at the Shannon Point Marine Center he was taking the day off. Per documentation of a phone call between the employee's supervisor and the employee on November 13, 1995, the employee was required to notify his supervisor and personnel at Shannon Point Marine Center of all his absences. The employee did not contact his supervisor on the dates noted above.

There were other transactions we could not review as the employee was not required to report compensatory time earned and taken. All official payroll records showed no compensatory hours earned or used. However, the employee did provide us a handwritten schedule which showed the dates the employee earned compensatory time and the dates when compensatory time was taken.

Washington Administrative Code 356-14-220, Salary - Wage and hour records, states in part:

(1) Each agency shall maintain records of its employees' overtime accrual and compensation separate from the scheduled work and compensating record

Washington Administrative Code 356-18-110, Allowance, states in part:

. . . (2) All requests for vacation leave shall be in writing and must be approved in advance of the effective date unless used in lieu of sick leave or to respond to unforeseen child care requirements, or the supervisor chooses to approve the vacation leave on a retrospective basis

The following internal control weaknesses allowed the employee to conceal these losses without being detected by the agency's management:

- a. The employee was allowed to keep his earning and use of compensatory time, off the books.
- b. The university did not reconcile hours and dates the employee reported to personnel at the Shannon Marine Point Center as using leave to the time he reported as having worked to his supervisor on payroll time sheets and the job cost system.

The university has a personnel dishonesty bond policy for all employees. However, the amount of the loss did not exceed the deductible provision of the policy.

We recommend Western Washington University seek recovery of the misappropriated \$718 and related audit/investigation costs from the employee. We also recommend the university keep records of compensatory time and require reconciliations be performed on time reported by all employees in similar situations. We further recommend the Whatcom County Prosecuting Attorney and the Washington State Office of the Attorney General review this matter and take whatever action is deemed necessary under the circumstances. Any compromise or settlement of this claim must be approved in writing by the Attorney General and State Auditor as directed by RCW 43.09.330.

Auditee's Response

The University concurs with the finding.

Procedures have been changed to ensure that hours worked at the Shannon Point satellite campus will be checked by both another employee personally assigned at that location, and by the employee's direct supervisor. Written procedures are in place that address work done outside the normal work schedule and recording of compensatory time.

The employee in question has been reassigned to the Bellingham campus. The Attorney General has been contacted and will be providing guidance on the process for the collection of money to cover the lost time, the cost of the audit, and disciplinary action.

Auditor's Concluding Remarks

We would like to express our appreciation to the university for the efforts taken to correct the situation with the Physical Plant Department employee. Based upon the University's representations, it appears that the matters delineated in our report have been, or are being addressed.

We would also like to take this opportunity to thank the staff of the Physical Plant Department for their assistance and cooperation during the audit process.